

OPEN MEETING ITEM

4/12-13/16



0000169278

**COMMISSIONERS**  
DOUG LITTLE - Chairman  
BOB STUMP  
BOB BURNS  
TOM FORESE  
ANDY TOBIN

ORIGINAL



JODI JERICH  
EXECUTIVE DIRECTOR

SECURITIES DIVISION  
1300 West Washington, Third Floor  
Phoenix, AZ 85007  
TELEPHONE: (602) 542-4242  
FAX: (602) 388-1335  
E-MAIL: securitiesdiv@azcc.gov

ARIZONA CORPORATION COMMISSION

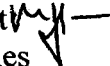
MEMORANDUM

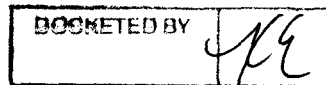
**TO:** Doug Little - Chairman  
Bob Stump  
Bob Burns  
Tom Forese  
Andy Tobin

Arizona Corporation Commission

DOCKETED

MAR 29 2016

**FROM:** Matthew J. Neubert   
Director of Securities



RECEIVED  
AZ CORP COM  
DOCKET COMM  
2016 MAR 29 PM 3:05

**DATE:** March 29, 2016

**RE:** Proposed Order to Cease and Desist, Order for Restitution, Order for Administrative Penalties and Consent to Same by Henryk Jan Kunowski, Docket No. S-20928A-15-0199

**CC:** Jodi Jerich, Executive Director

Please find attached a proposed Order to Cease and Desist, Order for Restitution, Order for Administrative Penalties and Consent to Same ("Consent Order") by Henryk Jan Kunowski.

Pursuant to a Commission Order dated June 26, 2006, and a related Judgment entered on July 7, 2006 (collectively, "the 2006 Order"), Mr. Kunowski was permanently enjoined from violating the Securities Act and barred from exercising any control over any entity that offers or sells securities within or from Arizona. In the 2006 Order, Mr. Kunowski admitted he violated A.R.S. §§ 44-1841 and 44-1842 by selling unregistered securities in the form of shares of stock in defunct corporations. The 2006 Order required Mr. Kunowski to pay \$778,000 in restitution, and \$50,000 in administrative penalties and \$20,000 in civil contempt penalties. Of the \$848,000 the 2006 Order required Mr. Kunowski to pay, he paid only \$400.

Between November 14, 2012 and June 3, 2013, Mr. Kunowski violated the Securities Act and the 2006 Order by selling shares of stock in his purported Delaware entity, The Jet Star Corporation, and raising \$57,000 from 29 investors. According to the Delaware Secretary of State's Division of Corporations, it has no record of The Jet Star Corporation. The Jet Star Corporation stock is not registered pursuant to Articles 6 or 7 of the Securities Act. Kunowski has not repaid any investors.

In selling The Jet Star Corporation stock, Kunowski did not disclose to investors: (i) the 2006 Order against him; (ii) his failure to pay \$847,600 in restitution and penalties; (iii) the 2006 Order's prohibition against him exercising any control over any entity offering or selling securities within or from Arizona; (iv) his 2004 bankruptcy; or (v) that he intended to use the investors' monies to pay his personal living expenses, which he did.

In the proposed Consent Order, Mr. Kunowski admits he violated A.R.S. § 44-1991 by: (a) employing devices, schemes, or artifices to defraud; (b) making untrue statements or misleading omissions of material facts; or (c) engaging in transactions, practices, or courses of business that operated or would operate as a fraud or deceit. He also admits he violated A.R.S. §§ 44-1841 and 44-1842 by selling unregistered securities in the form of The Jet Star Corporation stock as an unregistered securities salesperson and/or dealer.

The proposed Consent Order requires Mr. Kunowski to permanently cease and desist from violating the Securities Act; to pay restitution in the principal amount of \$57,000, plus interest from the date of each investor's stock purchase; and to pay an administrative penalty in the amount of \$50,000. The Division believes the \$50,000 administrative penalty is warranted in this case because Mr. Kunowski has prior violations of the Securities Act and Commission enforcement orders, including a contempt sanction, and he has failed to pay the restitution and penalties he owes under the 2006 Order. The proposed Consent Order also prohibits Kunowski from exercising any control over any entity that offers or sells securities or provides investment advisory services within or from Arizona at any time in the future.

The Division believes the proposed Consent Order is appropriate to protect the public welfare.

Originator: James Burgess

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 **COMMISSIONERS**

3 DOUG LITTLE - Chairman  
4 BOB STUMP  
5 BOB BURNS  
6 TOM FORESE  
ANDY TOBIN

7 In the matter of )

8 HENRYK JAN KUNOWSKI, aka H. JON )  
KUNOWSKI, aka JON KUNOWSKI, an )  
9 unmarried man, )

10 Respondent. )

DOCKET NO. S-20928A-15-0199

11 DECISION NO. \_\_\_\_\_

12 **ORDER TO CEASE AND DESIST, ORDER**  
13 **FOR RESTITUTION, ORDER FOR**  
**ADMINISTRATIVE PENALTIES AND**  
**CONSENT TO SAME**  
**BY: RESPONDENT HENRYK JAN**  
**KUNOWSKI**

14  
15 Respondent HENRYK JAN KUNOWSKI, aka H. JON KUNOWSKI, aka JON KUNOWSKI  
16 ("KUNOWSKI") elects to permanently waive any right to a hearing and appeal under Articles 11  
17 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act") with respect to  
18 this Order To Cease And Desist, Order for Restitution, and Order for Administrative Penalties  
19 ("Order"). KUNOWSKI admits the jurisdiction of the Arizona Corporation Commission  
20 ("Commission"); admits the Findings of Fact and Conclusions of Law contained in this Order; and  
21 consents to the entry of this Order by the Commission.

22 **I.**

23 **FINDINGS OF FACT**

- 24 1. At all relevant times, KUNOWSKI has been an Arizona resident and an unmarried man.
- 25 2. On June 26, 2006, in Decision No. 68790, the Commission and KUNOWSKI entered
- 26 into a Settlement Agreement and Order ("2006 Order") to resolve an administrative enforcement

1 action ("Enforcement Action") and a related lawsuit the Commission had filed against him, *Arizona*  
2 *Corporation Commission v. H. Jon Kunowski et al.*, Maricopa County Superior Court Case No.  
3 CV2004-010042 ("Lawsuit").

4 3. The Commission's Enforcement Action and Lawsuit alleged KUNOWSKI violated  
5 the registration provisions of the Securities Act, A.R.S. §§ 44-1841 and 44-1842, by selling  
6 unregistered securities in the form of shares of stock in defunct corporations to unqualified and  
7 unsophisticated investors.

8 4. The Commission alleged KUNOWSKI violated the antifraud provisions of the  
9 Securities Act by, among other things:

- 10 a) Failing to disclose to investors his past business failures;
- 11 b) Misrepresenting to investors that his corporations' products were in the  
12 production stage of development when in fact the products were either in an early design stage only  
13 or were in the experimental stage prior to the development of a fully functional prototype;
- 14 c) Offering investments in technology that did not exist or that would have been  
15 suppressed for copyright or trademark infringement; and
- 16 d) Failing to fully disclose to investors that he intended to use their investment  
17 capital to pay his personal and living expenses.

18 5. In the 2006 Order, KUNOWSKI admitted he violated A.R.S. §§ 44-1841 and 44-1842  
19 by selling unregistered securities in the form of shares of stock in defunct corporations. KUNOWSKI  
20 neither admitted nor denied the allegations that he committed securities fraud by violating A.R.S. §  
21 44-1991(A).

22 6. The 2006 Order directed and KUNOWSKI agreed that:

- 23 a) he and any of his agents and employees be permanently enjoined from  
24 violating the Securities Act;
- 25 b) he was required to pay restitution of \$778,000 to the Commission, plus 10%  
26 interest until paid;

1 c) he was required to pay a \$20,000 civil penalty for contempt to the  
2 Commission, plus 10% interest until paid; and

3 d) he was required to pay a \$50,000 civil penalty pursuant to A.R.S. § 44-2037  
4 to the Commission, plus 10% interest until paid.

5 7. Further, the 2006 Order directed and KUNOWSKI agreed that "he will not exercise  
6 any control over any entity that offers or sells securities ... within or from Arizona."

7 8. Of the \$848,000 in restitution and penalties the 2006 Order required KUNOWSKI to  
8 pay, he paid only \$400.

9 9. In November 2012, KUNOWSKI met with several potential investors at his then  
10 residence in Peoria, Arizona. KUNOWSKI also told the potential investors that for five (5) years he  
11 had been developing a twin micro-turbine engine personal flight system and the world's first true jet  
12 pack, which he called "Jet Star," that would allow for human flight.

13 10. KUNOWSKI represented to the potential investors: "With flight times of 15 to 30  
14 minutes, 'Jet Star' will become a viable tool for first responders to save lives! The applications are  
15 as vast as the imagination and include firefighters, paramedics, search and rescue, police, military,  
16 special operations, industry, media, and of course, the consumer. 'Jet Star' represents a significant  
17 technology breakthrough and a major aviation milestone."

18 11. KUNOWSKI told the potential investors that he needed to raise funds to pay patent-  
19 related legal expenses and to purchase materials to build the jet packs.

20 12. KUNOWSKI said he was soon going to receive \$2 million in financing from another  
21 source, so he only needed some funding for the interim.

22 13. Several attendees invested by writing checks payable to KUNOWSKI.

23 14. KUNOWSKI issued investors stock certificates for shares in an entity named "The  
24 Jet Star Corporation." The stock certificates state that the company is "incorporated under the laws  
25 of the State of Delaware."  
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engaging in transactions, practices, or courses of business that operate or would operate as a fraud or  
deceit.

6. KUNOWSKI conduct is grounds for a cease and desist order pursuant to A.R.S. § 44-2032.

7. KUNOWSKI's conduct is grounds for an order of restitution pursuant to A.R.S. § 44-2032.

8. KUNOWSKI's conduct is grounds for administrative penalties under A.R.S. § 44-2036.

### III.

#### ORDER

THEREFORE, on the basis of the Findings of Fact, Conclusions of Law, and KUNOWSKI's consent to the entry of this Order, attached and incorporated by reference, the Commission finds that the following relief is appropriate, in the public interest, and necessary for the protection of investors:

IT IS ORDERED, pursuant to A.R.S. § 44-2032, that KUNOWSKI, and any of KUNOWSKI's agents, employees, successors and assigns, permanently cease and desist from violating the Securities Act.

IT IS FURTHER ORDERED that KUNOWSKI comply with the attached Consent to Entry of Order.

IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032 that KUNOWSKI pay restitution to the Commission in the principal amount of \$57,000.00 as a result of the conduct set forth in the Findings of Fact and Conclusions of Law. Payment is due in full on the date of this Order. Payment shall be made to the "State of Arizona" to be placed in an interest-bearing account controlled by the Commission. Any principal amount outstanding shall accrue interest at the rate of 10 percent per annum from the date of purchase until paid in full. Interest in the amount of \$17,237.26 has accrued from the date of purchase to March 1, 2016.

1 The Commission shall disburse the funds on a pro-rata basis to investors shown on the records  
2 of the Commission. Any restitution funds that the Commission cannot disburse because an investor  
3 refuses to accept such payment, or any restitution funds that cannot be disbursed to an investor  
4 because the investor is deceased and the Commission cannot reasonably identify and locate the  
5 deceased investor's spouse or natural children surviving at the time of the distribution, shall be  
6 disbursed on a pro-rata basis to the remaining investors shown on the records of the Commission.  
7 Any funds that the Commission determines it is unable to or cannot feasibly disburse shall be  
8 transferred to the general fund of the state of Arizona.

9 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036 that KUNOWSKI pay an  
10 administrative penalty in the amount of \$50,000.00 as a result of the conduct set forth in the Findings  
11 of Fact and Conclusions of Law. Payment is due in full on the date of this Order. Payment shall be  
12 made to the "State of Arizona." Any amount outstanding shall accrue interest as allowed by law.

13 IT IS FURTHER ORDERED that payments received by the state of Arizona shall first be  
14 applied to the restitution obligation. Upon payment in full of the restitution obligation, payments  
15 shall be applied to the penalty obligation.

16 For purposes of this Order, a bankruptcy filing by KUNOWSKI shall be an act of default. If  
17 KUNOWSKI does not comply with this Order, any outstanding balance may be deemed in default  
18 and shall be immediately due and payable.

19 IT IS FURTHER ORDERED, that if KUNOWSKI fails to comply with this order, the  
20 Commission may bring further legal proceedings against KUNOWSKI, including application to the  
21 superior court for an order of contempt.

22 IT IS FURTHER ORDERED that this Order shall become effective immediately.

23 ...

24 ...

25 ...



BY ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, JODI JERICH, Executive Director of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

JODI JERICH  
EXECUTIVE DIRECTOR

DISSENT

DISSENT

This document is available in alternative formats by contacting Shaylin A. Bernal, ADA Coordinator, voice phone number 602-542-3931, e-mail [sabernal@azcc.gov](mailto:sabernal@azcc.gov).

(JDB)

**CONSENT TO ENTRY OF ORDER**

1  
2           1.       Respondent HENRYK JAN KUNOWSKI, aka H. JON KUNOWSKI, aka JON  
3 KUNOWSKI ("KUNOWSKI"), an unmarried man, admits the jurisdiction of the Commission over  
4 the subject matter of this proceeding. KUNOWSKI acknowledges that he has been fully advised of  
5 his right to a hearing to present evidence and call witnesses and KUNOWSKI knowingly and  
6 voluntarily waives any and all rights to a hearing before the Commission and all other rights  
7 otherwise available under Article 11 of the Securities Act and Title 14 of the Arizona Administrative  
8 Code. KUNOWSKI acknowledges that this Order To Cease And Desist, Order for Restitution, and  
9 Order for Administrative Penalties and Consent to Same ("Order") constitutes a valid final order of  
10 the Commission.

11           2.       KUNOWSKI knowingly and voluntarily waives any right under Article 12 of the  
12 Securities Act to judicial review by any court by way of suit, appeal, or extraordinary relief resulting  
13 from the entry of this Order.

14           3.       KUNOWSKI acknowledges and agrees that this Order is entered into freely and  
15 voluntarily and that no promise was made or coercion used to induce such entry.

16           4.       KUNOWSKI understands and acknowledges that he has a right to seek counsel  
17 regarding this Order, and that he has had the opportunity to seek counsel prior to signing this Order.  
18 KUNOWSKI acknowledges and agrees that, despite the foregoing, he freely and voluntarily waives  
19 any and all right to consult or obtain counsel prior to signing this Order.

20           5.       KUNOWSKI admits the Findings of Fact and Conclusions of Law contained in this  
21 Order. KUNOWSKI agrees that he shall not contest the validity of the Findings of Fact and  
22 Conclusions of Law contained in this Order in any present or future proceeding.

23           6.       KUNOWSKI further agrees that he shall not deny or contest the Findings of Fact and  
24 Conclusions of Law contained in this Order in any present or future bankruptcy proceeding.  
25 KUNOWSKI further agrees that in any such bankruptcy proceeding, the Findings of Fact and  
26 Conclusions of Law contained in this Order may be taken as true and correct and that this Order shall

1 collaterally estop KUNOWSKI from re-litigating with the Commission or any other state agency, in  
2 any forum, the accuracy of the Findings of Fact and Conclusions of Law contained in this Order. In  
3 the event KUNOWSKI pursues bankruptcy protection in the future, he further agrees that in such  
4 bankruptcy proceeding, pursuant to 11 U.S.C. § 523(a)(19), the following circumstances exist:

5       A.     The obligations incurred as a result of this Order are a result of the conduct set forth  
6 in the Findings of Fact and Conclusions of Law in the Order and are for the violation of Arizona  
7 state securities laws, pursuant to 11 U.S.C. § 523(a)(19)(A)(i);

8       B.     This Order constitutes a judgment, order, consent order, or decree entered in a state  
9 proceeding pursuant to 11 U.S.C. § 523(a)(19)(B)(i), a settlement agreement entered into by  
10 KUNOWSKI pursuant to 11 U.S.C. § 523(a)(19)(B)(ii), and a court order for damages, fine, penalty,  
11 citation, restitution payment, disgorgement payment, attorney fee, cost or other payment owed by  
12 KUNOWSKI pursuant to 11 U.S.C. § 523(a)(19)(B)(iii).

13       7.     By consenting to the entry of this Order, KUNOWSKI agrees not to take any action  
14 or to make, or permit to be made, any public statement denying, directly or indirectly, any Finding  
15 of Fact or Conclusion of Law in this Order or creating the impression that this Order is without factual  
16 basis.

17       8.     While this Order settles this administrative matter between KUNOWSKI and the  
18 Commission, KUNOWSKI understands that this Order does not preclude the Commission from  
19 instituting other administrative or civil proceedings based on violations that are not addressed by this  
20 Order.

21       9.     KUNOWSKI understands that this Order does not preclude the Commission from  
22 referring this matter to any governmental agency for administrative, civil, or criminal proceedings  
23 that may be related to the matters addressed by this Order.

24       10.    KUNOWSKI understands that this Order does not preclude any other agency or  
25 officer of the state of Arizona or its subdivisions from instituting administrative, civil, or criminal  
26 proceedings that may be related to matters addressed by this Order.

11. KUNOWSKI agrees that he will not apply to the state of Arizona for registration as a securities dealer or salesman or for licensure as an investment adviser or investment adviser representative at any time in the future.


12. KUNOWSKI agrees that he will not exercise any control over any entity that offers or sells securities or provides investment advisory services within or from Arizona at any time in the future.

13. KUNOWSKI consents to the entry of this Order and agrees to be fully bound by its terms and conditions.

14. KUNOWSKI acknowledges and understands that if he fails to comply with the provisions of the Order and this consent, the Commission may bring further legal proceedings against KUNOWSKI, including application to the superior court for an order of contempt.

15. KUNOWSKI understands that default shall render KUNOWSKI liable to the Commission for its costs of collection and interest at the maximum legal rate.

16. KUNOWSKI agrees and understands that if KUNOWSKI fails to make any payment as required in the Order, any outstanding balance shall be in default and shall be immediately due and payable without notice or demand. KUNOWSKI agrees and understands that acceptance of any partial or late payment by the Commission is not a waiver of default by the Commission.

  
HENRYK JAN KUNOWSKI, aka H. JON  
KUNOWSKI, aka JON KUNOWSKI

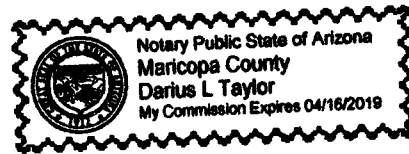
1 STATE OF ARIZONA )  
2 ) ss  
3 County of )

4 SUBSCRIBED AND SWORN TO BEFORE me this 3 day of MARCH 2016,  
5

6   
7 NOTARY PUBLIC

8 My commission expires:

9 04.16.2019



SERVICE LIST FOR: HENRYK JAN KUNOWSKI

Henryk Jan (Jon) Kunowski  
10003 West Thunderbird Boulevard  
Sun City, Arizona 85351

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2  
3 COMMISSIONERS

4 DOUG LITTLE – Chairman  
5 BOB STUMP  
6 BOB BURNS  
TOM FORESE  
ANDY TOBIN

7 In the matter of: )

DOCKET NO. S-20928A-15-0199

8 HENRYK JAN KUNOWSKI, aka H. JON )  
9 KUNOWSKI, aka JON KUNOWSKI, an )  
unmarried man, )

**NOTICE OF FILING OF PROPOSED  
OPEN MEETING AGENDA ITEM**

10 Respondent. )

11  
12 Pursuant to A.A.C. R14-4-303, you are hereby notified that the attached: proposed Order To  
13 Cease And Desist, Order for Restitution, Order for Administrative Penalties and Consent to Same  
14 by Henryk Jan Kunowski was filed with the Arizona Corporation Commission's Docket Control.

15 Dated: March 29, 2016

By: James D. Burgess

James D. Burgess  
Enforcement Attorney

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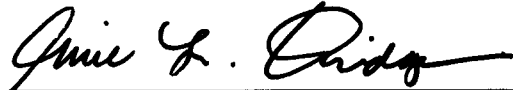
1 I hereby certify that I have this day served the foregoing document on all parties of record  
2 in this proceeding by mailing a copy thereof, properly addressed with first class postage prepaid to:

3 Henryk Jan Kunowski  
4 10003 West Thunderbird Boulevard  
5 Sun City, Arizona 85351  
6 Respondent

7 Dated: \_\_\_\_\_

3/29/16

By: \_\_\_\_\_



Emie R. Bridges, Executive Assistant